



FY24 AND FY25 BUDGET GUIDANCE

GOVERNOR'S OFFICE OF PLANNING AND BUDGET

JUNE 30, 2023



FY24 and FY25 Budget Guidance

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OVERVIEW

All state government entities desiring an appropriation during the 2024 General Session of the Utah State Legislature are required to follow the guidelines in this document for submitting a budget request to the governor, pursuant to [Utah Code 63J-1-201\(3\)](#):

The governor shall require the proper state officials, including all public and higher education officials, all heads of executive and administrative departments and state institutions, bureaus, boards, commissions, and agencies expending or supervising the expenditure of the state money, and all institutions applying for state money and appropriations, to provide itemized estimates of changes in revenues and appropriations.

Additionally:

The governor may include a requirement for program productivity and performance measures, where appropriate, with emphasis on outcome indicators.

The Governor's Office of Planning and Budget (GOPB) is committed to working with agencies to develop budget proposals that drive the best investment and use of Utah's resources.

Links for all forms, guidance documents, budget websites, and submission folders that will be used to prepare the governor's FY24/FY25 budget recommendations can be found at <https://gopb.utah.gov/budgetresources/>.

BUDGET TIMELINE

June 30	<ul style="list-style-type: none"> • Budget guidance released • Agency Fee Guide released
July 1	<ul style="list-style-type: none"> • Final strategic plans due
July - Aug.	<ul style="list-style-type: none"> • GOPB holds preliminary meetings with agencies about potential budget requests • Finance directors meeting and budget staff trainings
July 14	<ul style="list-style-type: none"> • Fee Prep open for data entry
Aug. 11	<ul style="list-style-type: none"> • Last day for agencies to request GOPB's authorization to submit capital requests to DFCM
Aug. 15	<ul style="list-style-type: none"> • Funding item performance measures due in Performance Prep • Line item performance measures due in Budget Prep • Comp Prep open for data entry • Budget Prep open for budget data entry • Cabinet budget training
Aug. 30	<ul style="list-style-type: none"> • Last day for agencies to submit authorized capital requests to DFCM
Sept. 1	<ul style="list-style-type: none"> • Targeted compensation survey due to DHRM
Sept. 6	<ul style="list-style-type: none"> • Budget requests and reallocations due in Budget Prep • All budget forms uploaded to agency folders • Non-agency budget requests due to GOPB
Sept. 15	<ul style="list-style-type: none"> • Comp Prep submissions due • Base budget, adjustments, funding splits, intent language, pass-through data entry due • Non-ISF agency Fee Prep agency submissions due
Sept. 20	<ul style="list-style-type: none"> • ISF agency Fee Prep submissions due
Sept. 25 - Sept. 28	<ul style="list-style-type: none"> • Agency budget hearings with Lt. Governor & GOPB
Oct. 2	<ul style="list-style-type: none"> • Federal funds report due
Early December	<ul style="list-style-type: none"> • Governor's FY25 budget recommendations released

AGENCY BUDGET PLANNING

As agencies review budgets and submit proposals for funding increases, they should be mindful of current economic conditions including the current elevated risk of a near-term recession. Economic downturns impact state government through declines in real revenue collections and increased demand for some government services. Agencies are encouraged to explore utilizing untapped capacity or reallocating existing funds in lieu of requesting new funding, even for items that align with Cox-Henderson administration priorities, particularly for items requiring ongoing funding. In the event a recession onset becomes more heightened or certain, some agencies may be required to forego new or existing appropriations in order to support counter-cyclical expenditure demands in other agencies.

Additionally, agencies should start identifying specific program budgets that could be scaled back in the event that FY25 revenue projections fall below FY24 estimates. Agencies are not currently required to submit a formal plan detailing options for scaling back, but should be prepared to discuss options with GOPB during budget discussions.

GOBP will schedule meetings with all agencies as the budget cycle commences to discuss potential budget requests. These discussions are intended to help your agencies evaluate options for meeting short and long-term resource pressures, and prioritize potential requests. While budget request forms will not be due until **Sept. 6**, your GOPB analyst is available to help you put your best proposals forward.

BUDGET SYSTEMS

GOBP will collect information to support the preparation of the governor's budget recommendations using Fee Prep, Comp Prep, Budget Prep, Performance Prep and forms posted on the [GOBP budget resources site](#). Some content, including folders to upload requests, will only be available to agency finance directors, agency leadership, or other staff that require access. Agencies who wish to add or remove access for users should contact their GOPB analyst. All users will need to sign in using their Utah ID to access these sites.

New for Fall 2023

In the past year, performance measures, including those related to new funding items, were incorporated into the Performance Prep pages on

budgetprep.utah.gov. GOPB has further consolidated these data entry efforts by migrating Comp Prep to budgetprep.utah.gov. Starting with the FY25 budget process, Comp Prep will no longer be accessible at compprep.utah.gov. Fee Prep will remain a separate website at feeprep.utah.gov.

STAFFING AND COMPENSATION

Comp Prep

GOPB will use the data in [Comp Prep](#) to develop the governor's FY25 recommendation for staffing levels and to calculate the costs of incremental compensation changes (e.g., general increase, changes to benefit rates). Agencies should review and update personnel data in Comp Prep before **Sept. 15**.

Initial Comp Prep data will be loaded from the most recently available payroll data, which will include increases made at the beginning of FY24. Agencies will be able to add recently hired positions and vacancies that are in the process of being filled. Only add vacant positions if there are plans to fill them in FY25; do not include new positions that are part of budget requests or contingent positions that will only be filled under unusual or unanticipated circumstances. When adding vacancies, agencies must account for the average turnover rates, vacancy savings, and benefit packages for existing positions. Additional guidance addressing these and other factors when adding vacancies is provided in the [Comp Prep Guide](#).

Total personnel costs from Comp Prep will not be used to pre-populate personnel services expenditures in Budget Prep because they may differ. However, please accurately account for the cost of personnel reflected in Comp Prep when calculating personnel services expenditures for Budget Prep. GOPB will use Comp Prep to determine the baseline for how many Full Time Equivalents (FTE) will be budgeted for FY25. If an agency's total FY25 FTE included in Comp Prep is significantly different from historical FTE, plus staffing increases approved for FY24 in the 2023 General Session, GOPB will ask the agency for further justification or revisions.

Requests for Compensation Increases

GOPB will work with the Division of Human Resource Management (DHRM) to determine the details of the governor's statewide FY25 recommendations for general, targeted, and pay-for-performance compensation increases. To ensure that DHRM can prepare recommendations for targeted increases,

agencies must submit thorough responses to DHRM's targeted compensation survey to DHRM **by Sept. 1**. For other compensation needs that fall outside of DHRM's targeted funding process, agencies should follow the guidance for budget requests below.

FY24 Pay-for-Performance Reallocation

During the 2023 General Session, the legislature appropriated agencies' General Fund portion of pay-for-performance funding to implement provisions in [HB 104, State Employment Amendments \(K. Christofferson\)](#), under the *Finance - Mandated* line item. The governor's FY24 and FY25 budget recommendations will include reallocations from the centralized allocation to specific agency line items. While submitting other budget requests, each eligible agency needs to enter appropriation-unit-level and funding source details in the **"P4P Reallocation"** request item that GOPB will create in Budget Prep. Please enter both the General Fund/Income Tax Fund and non-General Fund sources. While agencies have some flexibility with non-General Fund sources, the total amount funded by the General Fund, Income Tax Fund, and any restricted funds that impact the General Fund revenue must not exceed the total identified in the [pay-for-performance allocation](#) that GOPB calculated, and which DHRM previously shared with the agency.

The intent of the pay-for-performance funding is to allocate ongoing salary increases to high performing staff members who have had at least two quarterly reviews. However, since this is the initial year of implementation, GOPB will entertain proposals to award both salary increases and one-time bonuses in FY24. FY25 reallocations should be for the continuation of ongoing salary increases.

Schedule AX Conversions

During the 2023 General Session, FY23 one-time and FY24 ongoing funding was appropriated to agencies with supervisors that opted into converting to Schedule AX. Since the appropriations were made based on positions that had opted in mid way through the session, the governor's budget recommendations will include additional one-time adjustments in FY24 and ongoing adjustments in FY25 to cover all positions that opt in before the June 30, 2023 deadline. GOPB will work with DHRM to identify the additional positions and costs.

Vacancy Savings Report

GOPB will develop a Vacancy Savings Report for each agency that compares prior year payroll expenses, personnel services budget data from FINET, and

personnel services appropriations tracked by the Office of the Legislative Fiscal Analyst (LFA). The report will be posted for review in Comp Prep in budgetprep.utah.gov. Agencies should review this report for accuracy and provide suggested amendments by **Sept. 15**.

FEES

Fee Prep

All agency fees, including fees set in statute, should be submitted through [Fee Prep](#), which is used jointly by GOPB and the LFA to review and approve fee changes. Fee Prep data entry will close on **Sept. 15 for non-ISF agencies** and on **Sept. 20 for ISF agencies**. Detailed guidance related to setting fees and using Fee Prep will be available on the [GOPB fees site](#) prior to the system opening date.

[HB 383, Agency Fee Assessment Amendments \(K. Christofferson\)](#), from the 2022 General Session created additional requirements for agencies to include with their fees in Fee Prep. All fees must be identified as a service, ISF, or regulatory fee. Information on the *Justification of Changes, Description and Calculation, and Public Hearing* will be required for all new or increased fees in Fee Prep. Additionally, for all new or increased fees, agencies are required to estimate the agency's costs related to programs funded by the fees, and if there are any subsidies or overcharges in relation to the costs associated with the fee.

In addition to providing the required calculation, justification, and cost data for new and changed fees, GOPB will work with agencies to identify additional high impact fees for which this additional information will be provided during the FY25 budget process. These high impact fees will likely be identified based on a high fee rate or large quantity of fees that are paid.

Based on prior-year fee reviews, GOPB and LFA have identified a list of frequent Fee Prep data quality issues. Common problems include the use of acronyms, incomplete alternative text entries, situations where the rate times quantity don't reasonably match expected revenue collections, and incorrect use of the statutory references. GOPB will provide agencies with a list of Fee Prep data quality checks that should be completed prior to submitting fees. GOPB is providing additional direction to assist with the implementation of these provisions in the [Agency Fee Guide](#) available on the GOPB fees site.

To the extent possible, agencies should eliminate fees that are not being used, are not aligned with the cost of services provided, are for programs that do not align with or substantially contribute to the agency mission, cause undue burden

on the customer, or could be provided without a fee through the implementation of operational efficiencies.

Internal Service Fund (ISF) Rate Changes (Setting the Rate)

Joint legislative rules direct the LFA to provide guidance to ISF agencies on the timing of including state employee compensation adjustments and impacts in proposed rate changes. GOPB will coordinate with the LFA to provide guidance to ISF agencies regarding compensation and benefit increases that should be included in FY25 rates.

Please note that this guidance only applies to ISF agency rate calculations. The governor's budget recommendations for compensation and health insurance increases will be determined at a later time.

Agencies that charge ISF rates must finalize rates and enter them in Fee Prep prior to **Sept. 20** for any rate increases to be considered for the governor's FY25 budget recommendation.

BUDGET REQUESTS

State Agencies

All proposals for funding increases or reallocations will require the submission of a budget request or reallocation form and entry of budget data related to that request in [Budget Prep](#). The form templates are available on the [budget request site](#). Completed forms should be uploaded to [agency-specific folders](#) by **Sept. 6**.

Details about funding requests, including funding sources, FTE, expenditure categories, and appropriation units must be entered on the Budget Prep request page no later than **Sept. 6**. In addition to the technical information entered in Budget Prep, each request includes a description in Budget Prep. This description should be a high-level description, similar to summaries for new funding items included on <https://cobi.utah.gov> that could be shared with the LFA, legislators, and the public, if the request is included in the governor's budget recommendations. Instructions for entering reallocations and variable fund adjustments are provided in the [Budget Prep Guide](#). A description and justification for technical adjustments, including adjustments to dedicated credits, federal funds, and expendable receipts must also be entered in Budget Prep as a **Variable Fund Adjustment**, but do not require a form. If you are unsure if a reallocation or other adjustment requires a full budget request form, please contact your GOPB analyst.

Non-state Entities

All proposals for funding for non-state entities will require the submission of a budget request form. The form templates are available on the [budget request site](#).

Prior to submitting a budget request form, non-state entities must collaborate with the relevant state agency to ensure requests align with agency objectives. Once the budget request is finalized, non-state entities may submit the form to the agency, who will review and rank all non-state entity requests and present them to GOPB. After submitting the request form to a state agency, a non-state entity may also submit the completed budget request to GOPB at gopb@utah.gov by **Sept. 6**. GOPB will review all requests prior to meeting with agencies.

State Agency Capital Budget Requests

Capital budget requests must be submitted to both GOPB and DFCM. First, agencies submit the request to GOPB using a budget request form by **Aug. 11**. GOPB reviews the request to determine whether it may be submitted to DFCM. If GOPB authorizes submission, the agency must send the request to DFCM no later than **Aug. 30**. *Submission to DFCM does not guarantee the request will be explicitly reflected in the governor's budget recommendations.*

BASE BUDGET TASKS

Base budgets, intent language, pass-through funding reports, and ISF and compensation funding splits are due in [Budget Prep](#) no later than **Sept. 15**.

Base Budgets

Budget Prep will be used to review budgets for the prior year (FY23), current year (FY24), and base (FY25). Additional instructions are included in the [Budget Prep Guide](#).

While you may review and adjust FY24 and FY25 funding sources and appropriations on the Budget Prep Base screen, please do not increase the overall funds or revenues at the line item level. In some prior years, revenue increases up to 25 percent were allowed, but the legislature began adding these types of adjustments to the current and future year supplemental bills in 2019. To ensure that all FY24 and FY25 fund and revenue adjustments are accounted for, these variable fund adjustments should be made as a **Variable Fund Adjustment** on the Request page in Budget Prep—not on the Base page. Further guidance is provided in the Budget Prep Guide. Actual non-lapsing balances may be added to Budget Prep, as discussed below.

Non-lapsing Balances and Intent Language

Budget Prep will automatically populate FY24 and FY25 beginning non-lapsing balances as \$0. Agencies should update the FY24 adjusted and FY25 base adjusted columns in Budget Prep to reflect their plans for the use of non-lapsing funding. While estimated non-lapsing balances may have been included in appropriations bills during the 2023 General Session, agencies should update the adjusted columns to reflect updated plans based on balances after the FY23 closeout.

Additionally, [HB 322, Budget Reporting Requirements \(M. Ballard\)](#), from the 2023 General Session now requires agencies to submit an annual report that describes the agency's plan to expend any non-lapsing appropriations. Agencies will submit this report through the **Non-Lapsing Balance and Intent Language** page in Budget Prep, which will identify non-lapsing balance dollar amounts for each line item for FY23, FY24, and FY25, plus how those balances are being utilized. FY23 and FY24 beginning balances should be based on FY22 and FY23 closeout. FY25 balances should be the agency's best estimate of the maximum balances it will carry over from FY24 into FY25.

Any intent language, including non-lapsing authority, should also be submitted on the **Non-Lapsing Balance and Intent Language** page of Budget Prep. GOPB will inform individual agencies of any new non-lapsing funding requests that have been denied while performing the final review of Budget Prep submissions and will work with those agencies to adjust Budget Prep accordingly. After evaluating final Budget Prep submissions, GOPB will work with the Division of Finance to release FY24 beginning balances. Any agencies requiring more immediate access to balances due to unique circumstances should send a request to their GOPB analyst.

ISF and Compensation Rate Impacts (Cost Allocation)

[Legislative Rules JR4-2-406](#) requires the funding mix for Compensation and ISF impacts be proportional to the base budget funding mix unless the Executive Appropriations Committee approves an exception. The *Funding Split* page in Budget Prep will include a default funding spread based on the FY24 ongoing funding for each appropriation unit calculated by the LFA and GOPB. Agencies should review and update the funding spread tables for each appropriation unit to reflect the spread of funding sources used for compensation and ISF expenditures. Please provide a justification for any appropriation where the updated split does not match the base budget split. These exceptions will have to be approved as part of the appropriations review process during the 2024 General

Session. *Note, with the consolidation of Comp Prep into Budget Prep, GOPB will also consolidate ISF and compensation funding splits into a single funding split data entry page. To facilitate agency workflow, this page will be accessible from both the Budget Prep and Comp Prep dropdown menus.*

STRATEGIC PLANNING

State agencies are required to maintain a current strategic plan to drive effective investments and best use of Utah's resources. State agency strategic plans should guide agency decision-making and provide a clear linkage between the budget and the mission of the agency. Agency strategic plans will be used to inform the budget process and evaluate budget requests. **Draft** strategic plans were due **June 1**, with **final plans** being due **July 1**. Whenever agencies update their strategic plans, the revised version should be sent to their budget analyst and GOPB's [strategic planning contact](#).

Strategic planning resources, including the [GOPB Guide to Strategic Planning](#) and information session slides, are found on the [GOPB Strategic Planning webpage](#). GOPB is available to provide assistance as agencies develop and refresh their strategic plans. In addition to crafting a strategic plan, agencies should create a process to regularly reference, review, and implement the strategic plan. Using the strategic plan is a valuable step in the planning process and is integral to accomplishing agency goals.

PERFORMANCE MEASURES

During the upcoming governor's budget process, agencies should demonstrate the results of efforts to utilize existing capacity and resources prior to requesting additional funding. Utah Code [63J-1-902](#) and [63J-2-903](#) formalized the following three performance measure requirements:

1. All new funding items over \$10,000 passed during the 2022 General Session required at least one performance measure. *Note: Following passage of [SB 296, Performance Reporting and Efficiency Process \(D. Ipson\)](#), the threshold for new funding items appropriated during the 2023 General Session was increased to \$50,000 or more, and only funding items \$500,000 or more require a performance measure.* GOPB and the LFA jointly collected these measures from agencies after the 2022 and 2023 General Session. Agencies are required to report the results of FY23 new funding items approved during the 2022 or 2023 General Sessions, including performance measures, when applicable, prior to **Aug. 15**. This

reporting also includes the actual amount the agency spent on the funding item and the month and year in which the agency implemented the program or project (or the month and year in which the agency anticipates fully implementing the program or project). This information will be reported in [Performance Prep](#).

2. Agencies are required to report the results of FY23 line item performance measures identified in appropriations bills to both GOPB and the LFA prior to **Aug. 15**. Results of measures will be reported in Performance Prep.
3. Agencies should work with GOPB and the LFA to recommend new measures and changes to existing measures. Once GOPB and the LFA have agreed to the proposed changes, agencies should enter them into Performance Prep prior to **Aug. 15**. As you review measures, please develop meaningful measures with a focus on how your agency adds value by providing quality goods and services to Utah, instead of providing a minimum number of measures per line item. With the enactment of [HB 322, Budget Reporting Requirements \(M. Ballard\)](#), and [HJR 12, Joint Rules Resolutions - Budget Efficiency Modifications \(M. Ballard\)](#), programs subject to an accountable process budget review during the 2023 interim have an additional requirement to review measures related to those programs.

PASS-THROUGH FUNDING REPORT

[Utah Code 63J-1-220](#) requires agencies to report pass-through funding to GOPB, unless specifically exempted by the statute. GOPB is required to report this funding with the governor's budget recommendations. Agencies are required to report FY23 pass-through expenditures, plus any pass-through expenditures already made or that are planned during FY24 using the pass-through reporting page in [Budget Prep](#).

As a reminder, state law requires state agencies to report certain pass-through expenditures disbursed to nongovernmental nonprofit organizations to the state auditor. The state auditor reporting thresholds, requirements, and timeline are summarized on the [state auditor's website](#).

FEDERAL FUNDS REPORT

Any agency currently receiving or planning to receive federal aid must complete a Federal Funds Request Summary Report (FFRS). GOPB will share FFRS instructions in a future email and also post those instructions on the [GOPB budget resources site](#). The report must be completed electronically by **Oct. 2**. Although the report is separate from the budget request package, the amounts should tie to the FY25 base budget plus FY25 variable fund adjustments entered into Budget Prep. The time between the **Sept. 15** Budget Prep deadline and the **Oct. 2** FFRS deadline will allow agencies to identify and reconcile any differences.

Additionally, agencies are required to submit any award letter or other official documentation of award associated with their submitted FFRS grants, if that documentation is available (see Utah Code [63J-5-102](#)). Those letters will be due with your FFRS submission on **Oct. 2**, and further guidelines will be provided with the corresponding instructions sent by GOPB in early September.

Agencies should remember to include information about any required state matches, and the source for that state match, in their submitted FFRS. Wherever possible, required state matches should be covered by funds and expenditures in the agency's existing budget. If that is not possible, an agency should submit a formal budget request and notify its GOPB budget analyst to discuss the request.

Any federal grant application in excess of \$10 million in federal funds, \$1 million in state match, or that requires 11 or more additional permanent employees, must be approved by the full legislature during the General Session. Agencies may not begin a new program with federal aid without prior approval from GOPB and, when applicable, the legislature. This precludes any expectation that the program or its infrastructure will continue after the grant expires or is reduced.

Agencies may accept or use federal aid only for programs that are consistent with the needs and goals of the state and that are not prohibited by the provisions of state law. For more information on accepting federal aid, see [Utah Code 63J-5-101 to 204](#).

All applications for federal aid must be submitted to GOPB through [grants.utah.gov](#) for review and approval throughout the year. Submissions will be compared to entries in the Federal Funds Summary Report to assess changes. GOPB will work with the LFA to ensure applications needing

legislative action are reviewed by the Executive Appropriations Committee in a timely manner during the interim.

Any agency that manages a grant or a loan fund should budget for estimated revenue, expenditures, and loan amounts for appropriated funds.

LEGISLATION

Cabinet agencies must coordinate all legislation through the governor's general counsel and director of legislative affairs, and submit a budget request form for all potential legislation with a fiscal impact.

Any legislative changes should be outlined in budget forms as part of the question instructing cabinet agencies to, "Provide the statutory and administrative rule references which allow or require the activity for which funding is requested. If this request requires statute or rule changes, describe required changes. Agencies must coordinate all legislation through the governor's general counsel and legislative director."

BUDGET COMMUNICATION PROTOCOL

To maintain the integrity of the governor's budget recommendation process and ensure the consistency and accuracy of information available prior to the release of the governor's budget recommendations, cabinet agencies should refrain from discussing detailed budget requests with legislators and their staff, unless coordinated with the Governor's Office and GOPB. Cabinet agencies may be responsive to legislative requests to gain a broad understanding of issues, but should coordinate such requests through GOPB.

Budget efforts are most effective when GOPB and agencies have an open communication channel. Agencies often receive requests through external channels about which GOPB may not be informed without proactive agency communication. For example, requests may be made by the LFA for legislative budget tasks such as the accountable process budget, budget reduction scenarios, nonlapsing uses, etc. Please involve your respective GOPB analyst when responding to such requests.